

PhRMA Report Slams 340B Program for Boosting Hospital Profits

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Summary by Bloomberg AI

- The Pharmaceutical Research and Manufacturers of America bankrolled a report that shows hospitals and other providers pocketed an estimated \$142.2 billion from a federal drug discount program in 2025.
- The report estimates that total drug spending by patients and payers in the 340B program was \$108.4 billion in 2021, compared with \$244.3 billion in 2025.
- The report concludes that there should be better public reporting mechanisms in place to track where the 340B profits are going and what they're used for.

The top drug industry trade group bankrolled a new report that shows hospitals and other providers pocketed an estimated \$142.2 billion from a federal drug discount program in 2025, more than doubling what they earned through the program four years earlier.

Provided first to Bloomberg Government, **the report** was conducted by consulting firm BRG on behalf of the Pharmaceutical Research and Manufacturers of America. It estimates that hospitals were able to retain high revenues from the federal 340B Drug Discount Program based on the difference between the price they paid for a discounted drug and the amount that they were reimbursed, which is known as a drug margin.

The estimates also show how the 340B program has grown over the last five years. The report put total drug spending by patients and payers in the 340B program at \$108.4 billion in 2021, compared with \$244.3 billion in 2025.

The report is fresh piece of evidence the drug industry is sure to deploy as there is **increased congressional interest** in making changes to the program, which has seen explosive growth in recent years.

“The new report adds to mounting evidence that the 340B program has become a hospital markup program,” said Molly Jenkins, senior director of public affairs at PhRMA, in a statement. “With that kind of money flowing through a federal program where there is little oversight or transparency for how these margins are used, Congress can’t look the other way.”

The group’s findings also estimate that 340B drugs accounted for about 27% of US pharmaceutical spending in 2025, which was a leap over the 18% of drug spending that 340B drugs accounted for in 2021.

“This latest report from PhRMA needs to be taken with a huge grain of salt,” said Bharath Krishnamurthy, director of pharmaceutical policy at the American Hospital Association, in a statement. “The 340B program has expanded due to policy, market, and technological changes, but nothing is more consequential to 340B growth than the high prices drug companies charge for their products.” PhRMA concludes in its report that there should be better public reporting mechanisms in place to track where the 340B profits are going and what they’re used for. That’s one of the policy proposals being weighed by Congress.

Lawmakers **released three different proposals over the summer** to make changes to the program, all of which varied in whether they leaned more pharma-friendly or hospital-friendly.

Though a comprehensive 340B overhaul is unlikely to be taken up by Congress this year, it could be a bipartisan target for lawmakers in 2027.

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